

ORDER NO. 3895

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Mark Acton, Vice Chairman;
Tony Hammond; and
Nanci E. Langley

Competitive Product Prices
Inbound Competitive Multi-Service Agreements with
Foreign Postal Operators 1
Deutsche Post – United States Postal Service
Bilateral Agreement (MC2010-34)
Negotiated Service Agreement

Docket No. CP2013-65

ORDER APPROVING MODIFICATION TO INBOUND COMPETITIVE
MULTI-SERVICE AGREEMENTS WITH FOREIGN POSTAL OPERATORS 1
NEGOTIATED SERVICE AGREEMENT

(Issued May 10, 2017)

I. INTRODUCTION

The Postal Service seeks to modify the Deutsche Post—United States Postal Service bilateral negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification to the Deutsche Post – United States Postal Service Bilateral Agreement, May 2, 2017 (Notice). The modification is an attachment to the Notice (Modification).

In Order No. 1761, the Commission approved the Deutsche Post—United States Postal Service bilateral negotiated service agreement (Existing Agreement).² On May 2, 2017, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.

On May 3, 2017, Chairman's Information Request No. 2 was issued.³ The Postal Service filed a response on May 8, 2017.⁴

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the Response to CHIR No. 2.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to remain in effect until terminated.⁵ The Modification retroactively imposes an expiration date of June 30, 2016. CHIR No. 2 asked the Postal Service to confirm that no volume was shipped under the contract

² See Docket Nos. MC2010-34 and CP2013-65, Order Approving Addition of Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement (with Deutsche Post), June 26, 2013 (Order No. 1761).

³ Chairman's Information Request No. 2, May 3, 2017 (CHIR No. 2).

⁴ Response of the United States Postal Service to Chairman's Information Request No. 2, May 8, 2017 (Response to CHIR No. 2).

⁵ Docket Nos. MC2010-34 and CP2013-65, United States Postal Service Notice of Filing Functionally Equivalent Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator (Deutsche Post), June 6, 2013, Attachment 1 at 7.

since that date, and that all incurred or anticipated costs relating to the expiration (if any) were already reported to the Commission in Docket No. ACR2016. CHIR No. 2, questions 1 and 2. The Postal Service confirmed both statements. Response to CHIR No. 2, questions 1 and 2.

The Commission determined that the Existing Agreement covered its attributable costs through the end of Fiscal Year 2016.⁶ The new expiration date falls within that timeframe. Because no volume was shipped under the Existing Agreement since the new expiration date, and because any costs resulting from the expiration were included in the Annual Compliance Determination analysis, the Commission finds that the Existing Agreement, as modified, would still have covered its attributable costs. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

In conclusion, the Commission approves the Existing Agreement, as modified.

III. ORDERING PARAGRAPH

It is ordered:

The Commission approves the Deutsche Post—United States Postal Service bilateral negotiated service agreement, as modified.

By the Commission.

Stacy L. Ruble
Secretary

⁶ Docket No. ACR2016, Annual Compliance Determination Report, March 28, 2017, at 86-87.